

1 DR. KRATTENMAKER: Thank you. Next, I believe the  
2 Vietnamese American Chamber of Commerce of Southern  
3 California. Ms. Dangtu.

4 MS. DANGTU: Good afternoon.

5 DR. KRATTENMAKER: Good afternoon.

6 MS. DANGTU: I am here today to speak on behalf of  
7 our own experience. First, I would like to make a quick  
8 correction. Our legal name is Vietnamese Chamber of  
9 Commerce in Orange County, although Southern California also  
10 sounds very good.

11 DR. KRATTENMAKER: Okay. Thank you.

12 MS. DANGTU: My name is Lynn Dangtu and I am the  
13 Executive Director and Vice President of Vietnamese American  
14 Chamber of Commerce in Orange County. And on behalf of our  
15 Chamber, we would like to acknowledge that we strongly  
16 support the merger between SBC and Ameritech.

17 Our Chamber has been serving over 200,000  
18 Vietnamese-American consumers and 3,000 Vietnamese-owned  
19 businesses located in Orange County since 1985. That's a  
20 long time.

21 This community represents the largest Vietnamese  
22 ethnic group outside of Vietnam. We strongly believe that  
23 this merger would help SBC generate a greater synergy and  
24 enable the company to provide consumers with a more  
25 competitive rate and better service.

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1           Since SBC's merger with Pacific Telesys Company,  
2     the Vietnamese community has seen significant improvement in  
3     service. In fact, SBC has established a customer service  
4     center that caters to the Vietnamese-speaking consumers.  
5     And the center is growing to a lot larger size and they  
6     employ a lot more employees now.

7           Our community is very pleased with SBC's service.  
8     For this reason, we believe its merger with Ameritech would  
9     produce similar or better results.

10          I am here today because I do care about our  
11     community and I do care about the potential benefit we would  
12     get from this merger. And I would greatly appreciate it if  
13     you would consider our voice. Thank you.

14          MR. ATKINSON: Thank you very much.

15          DR. KRATTENMAKER: Ms. Dangtu, thank you very much  
16     for coming. Thank you. And I believe next is the  
17     Allegiance Telecom. Is that correct? Yes, having switched  
18     with the Santa Ana Chamber of Commerce.

19          MR. McCAUSLAN: My name is Robert McCauslan. I am  
20     Vice President of Regulatory and Interconnection at  
21     Allegiance Telecom. By the way, we do appreciate that the  
22     Santa Ana Chamber of Commerce agreed to swap with us.

23          Allegiance Telecom is a CLEC that is about two  
24     years old now. We're operating in 13 markets nationally  
25     around the country. And about half of those markets are in

1 SBC territory, either in Texas or in California.

2 A number of us, myself included, worked for MFS  
3 for a number of years prior to joining Allegiance. In fact,  
4 our CEO is Royce Holland who was President at MFS. So we're  
5 largely a bunch of folks who have a lot of experience in  
6 this area.

7 I'm here to talk about a number of issues, issues  
8 of concern to us, and also some issues that are favorable to  
9 SBC in terms of their operational performance. There has  
10 been definitely a change at SBC over the past four or five  
11 years that I've witnessed myself.

12 Allegiance deploys dial tone switches in markets  
13 throughout the United States and leases transport. We  
14 purchase the transport in the unbundled loops from the  
15 ILECs. We're a very heavy user of unbundled loops; a very  
16 heavy user of a number of portability.

17 I might add I am neither an opponent nor a  
18 supporter of the proposed merger. I am here to identify the  
19 possible benefits to Allegiance, as well as concerns and  
20 suggestions of Allegiance. Allegiance believes that if  
21 properly managed, such a merger would be a good thing in  
22 some key ways to competitive LECs like Allegiance.

23 What I mean by that, as I will discuss further in  
24 a few moments, is that SBC has certain qualities that when  
25 transferred to other ILECs can actually assist Allegiance

1     and other competitors. What I also mean by that is that the  
2     ILEC must be monitored and, where abuses exist, controlled  
3     for reasonable and effective backsliding prevention  
4     measures, backsliding prevention measures that include  
5     performance measures and meaningful penalties.

6             Russ Frisby from CompTel a few minutes ago cited  
7     concerns about the ILEC-CLEC arrangement whereby the ILECs  
8     own CLEC would operate in the same territory. Allegiance  
9     shares some of those concerns.

10            In fact, recently, we've seen a lot of lobbying  
11     activity in some states; Texas, for example, whereby not  
12     only is the ILEC lobbying to get the authority to provide  
13     in-region CLEC arrangements, but they are also looking to  
14     restrict the authority of the state commissions. We feel  
15     that that is very dangerous. There has been precedent set  
16     in Colorado. There is activity in right now in Oregon and  
17     in New Mexico. So Texas is by no means the only state where  
18     that is occurring.

19            We absolutely feel that a market share test is an  
20     important mechanism that should be considered in those types  
21     of environments. And we absolutely feel that the state  
22     commissions need to retain the authority. In fact, in New  
23     Mexico, the effort there was overturned by the governor. It  
24     was vetoed. That's a very significant concern to  
25     Allegiance.

1           But moving forward here, I am going to deviate  
2     from the standard way of discussing some of these issues as  
3     I move into the more complimentary area, Southwestern Bell.  
4     One of the questions I asked one of our representatives,  
5     someone who supports Allegiance over Southwestern Bell, was  
6     whether it would be possible that they -- she provide to us  
7     her own list of things that she thinks they are doing well.  
8     And she did that.

9           I took that list around Allegiance and asked a lot  
10    of our operational people what they thought of this list.  
11    And I got, very much to my surprise, a lot of favorable  
12    remarks. And Southwestern Bell deserves a lot of credit and  
13    so does Pacific Bell. And I will cite some of those.

14           This is read right from the Southwestern Bell list  
15    that was provided to me. That includes Pacific Bell I might  
16    add. "OSS's EDI successes will reduce the amount of re-work  
17    for Allegiance once Southwestern Bell incorporates the same  
18    systems with Ameritech, similar to what's happened with  
19    Pacific Bell. We completed within 90 days our ordering,  
20    provisioning interface. And the team assigned to the EDI  
21    effort worked well." Thank you.

22           In terms of ADSL, the verdict is not yet in. But  
23    the key point in terms of the OSS interface is that it is  
24    working, it's working very quickly. And SBC does deserve  
25    some credit.

1           I can also tell you that our experience in  
2   California has been such that we have seen improvement in  
3   our interconnection since SBC took over PacBell. In closing  
4   -- since we're running out of time -- I will state that a  
5   regionally uniform OSS interface and business process -- set  
6   of business processes would be important.

7           We feel that adequate performance measurements and  
8   anti-backsliding penalties are important right up front, in  
9   advance; not after the merger has taken place. We feel that  
10   ensured enforcement of all merger commitments on an ongoing  
11   basis is crucial.

12           MR. ATKINSON: Thank you. Are you planning to  
13   submit anything for the record? I would be particularly  
14   interested in any more of those just internal quotations or  
15   evaluations.

16           MR. McCAUSLAN: I would be delighted to.

17           DR. KRATTENMAKER: If you could, right, I had the  
18   same thought. Thank you very much for taking the time to  
19   come and --

20           MR. McCAUSLAN: And thank you for inviting me.

21           DR. KRATTENMAKER: -- and providing the  
22   information. Yes. I believe next is the Korean American  
23   Federation of Orange County, California. Ms. Yoo.

24           MS. YOO: Yes. My name is Wendy Yoo, President of  
25   Korean American Federation of Orange County. I am first

1 time woman president.

2 DR. KRATTENMAKER: Congratulations.

3 MS. YOO: Yes. Korean American Federation of  
4 Orange County was established in 1979. Our population is  
5 150,000 people in Orange County. We are a nonprofit  
6 organization. Our program and service, especially towards a  
7 century immigrant, economically disadvantages youths and  
8 their families, with the objective to promote community  
9 advocacy and socioeconomic empowerment.

10 And first of all, why we support this merging is  
11 for the following reasons: Pacific Bell, they have been --  
12 had many new minority employees. One example, Joseph Park,  
13 he employed us over 20 years ago. He just had graduated  
14 around twenty-something. And then he is a handicapped. But  
15 they give a chance to prove his ability.

16 He started Korean customer service with the Korean  
17 language. The first time, he did it by himself. Now,  
18 almost 90 people work for all over the California. I think  
19 they are using an 800 number. So anywhere they can call  
20 about in a building and investment, all -- everything, even  
21 network. So that is a good advantage for our community.

22 And second, they -- so I believe today, SBC, they  
23 say they will create 4,300 jobs. I believe it. And the  
24 other one, they promise to improve customer service.  
25 Installation time has improved 80 percent. Their repair

1 time improved 60 percent around the state, despite all known  
2 and record-demand new phone lines. That means next year,  
3 we've got Y2K problems. That means they can repair faster  
4 than other organizations maybe.

5 And the other one is high tech, high speed  
6 internet and technology. They spend a lot of money to train  
7 community people. Almost, they promise they will give  
8 training this summer that they call ADSL. And another one,  
9 they have in 1996 before the merging, they contributed 7.6  
10 million for community support programs. That will be  
11 doubled after they are merging statewide.

12 One program we have at the Korean Federation, we  
13 have management classes for business people. They are in  
14 partnership. They do English to Korean. So people who have  
15 limited English, they can train for your business program.

16 And the other one is actually they have 50 million  
17 in technology to under-served communities. That is solid  
18 support for statewide community leaders. That is a very  
19 important part of our mention to others. And the other one  
20 is our organization supporting us, especially Pacific Bell  
21 Telecom Company, their network.

22 They can create a business, each other, or a  
23 different community. And even are international-wide. So  
24 that's why we strongly believe that the SBC-Ameritech merge  
25 will also benefit our community in the midwest. Thank you



1 very much.

2 MR. ATKINSON: Ms. Yoo, thank you very much.

3 DR. KRATTENMAKER: Thank you for taking the time  
4 to come. I believe that next is the Rainbow PUSH Coalition  
5 that has switched from -- with the Orange County Business  
6 Council.

7 MS. HAYLES: Good afternoon. My name is Dahlia  
8 Hayles. I am the Director of Telecommunications for the  
9 Rainbow PUSH Coalition. The Rainbow PUSH Coalition is a  
10 civil rights organization founded by Reverend Jessie  
11 Jackson. Rainbow PUSH is dedicated to the eradication of  
12 discriminatory practices in corporate American, particularly  
13 in the telecommunications industry.

14 It is the position of the Rainbow PUSH Coalition  
15 that the merger promises to deliver the benefits of growth  
16 in the telecommunications to consumers, small businesses and  
17 large businesses alike. Democratization of the  
18 telecommunications industry will be good for all people, all  
19 foreign nations, not just big business.

20 This merger is in the public interest we believe,  
21 and will deliver on the promises of the Telecommunications  
22 Act of 1996 better service, more choices and lower prices.  
23 Rainbow PUSH recognizes that the SBC-Ameritech merger is  
24 about growth, jobs, opportunities and inclusion. SBC is  
25 among the top ten companies in America in promoting minority

1 advancement, significantly exceeding the average workplace.  
2 This is based on the Council of Economic Priorities study in  
3 New York.

4 The diversity of SBC's work force, 54 percent  
5 women and 34 percent minority, significantly exceeds the  
6 average workplace according to the census data. More than  
7 40 percent of SBC's customers are also minority.

8 SBC's senior officers are 21 percent women, 15  
9 percent people of color, and eight percent African  
10 Americans. Fortune 500 companies average five percent for  
11 women and two percent for people of color.

12 Longstanding initiatives such as to supply a  
13 diversity program and prime supply of participation programs  
14 also strengthens the companies going venture network. In  
15 1998, 37 percent of Ameritech's new hires were minorities.  
16 The number of Ameritech minorities in management has  
17 increased significantly in the past year from 20.0 percent  
18 to 23.3 percent.

19 Ameritech minorities received 25.2 percent of all  
20 promotions in 1998. Ameritech spent 235 million dollars  
21 with women and minority suppliers in 1998. Rainbow PUSH  
22 believes that the leadership of both companies understands  
23 the importance of good business practices.

24 SBC and Ameritech are truly concerned about  
25 implementing corporate practices that favor workers and

1 consumers, create employment opportunities and foster small  
2 business growth. Here are some examples of the types of  
3 results that we have been able to garner from discussions  
4 with SBC-Ameritech.

5 Both companies have demonstrated a commitment to  
6 expanding corporate policies to ensure diversity and  
7 inclusion at all levels. SBC has created a program for  
8 increased participation of minorities in financial service  
9 industries. SBC actively considers way to diversify  
10 ownership in the industry, including the sale of overlapping  
11 SBC-Ameritech wireless properties to a consortium that  
12 included significant minority representation.

13 And Ameritech has increased its advertising  
14 expenditure with minority-owned media outlets and  
15 broadcasters. Ameritech has increased an incentive-based  
16 diversity program targeted at senior management within  
17 various departments of the corporation.

18 Both companies are committed to ensuring that  
19 Americans across all economic levels benefit from this  
20 merger. SBC is also increasing its development of services  
21 including internet, pay phone --

22 DR. KRATTENMAKER: One minute.

23 MS. HAYLES: -- and international facilities in  
24 areas that are still being neglected by other leading  
25 service providers. We are on record here at the FCC on the

1 issue of red-lining. We've appealed the FCC's order in  
2 approving MCI-WorldCom's merger. We feel strongly that SBC-  
3 Ameritech will be committed to avoid engaging in red lining.

4 I thank the Commission and the staff for the time  
5 to speak to you. Thanks.

6 MR. ATKINSON: Thank you.

7 DR. KRATTENMAKER: Ms. Hayles, thank you for  
8 coming. Let's see, I believe that next is Max Starkloff.

9 MR. STARKLOFF: Good afternoon.

10 DR. KRATTENMAKER: Mr. Starkloff, good afternoon.

11 MR. STARKLOFF: First, I appreciate the Missouri  
12 Center for Minority Health and Aging switching with me. My  
13 name is Max Starkloff. I am President of Paraquad  
14 Independent Living Center. I was the past President of the  
15 National Council of Independent Living and have been  
16 disabled for 40 years.

17 I represent the needs of people with disabilities.  
18 Those needs are enormous. Consider, for example, some of  
19 the results of the 1998 Harris survey of American's with  
20 disabilities. Vast numbers of disables cannot find jobs.  
21 Only 29 percent of disabled people or working age, between  
22 18 and 64, work full or part-time compared to 79 percent of  
23 the non-disabled population, a gap of about 50 percent.

24 Of those with disabilities of working age who are  
25 not working, 72 percent say they would prefer to work. A

1     third of adults with disabilities live in households with a  
2     total income of \$15,000.00 or less, compared to only 12  
3     percent of those without disabilities.

4             Approximately 29 percent of adults with  
5     disabilities have not completed high school compared to nine  
6     percent of adults without disabilities. And these are the  
7     people that Paraquad works and represents and advocates for  
8     every day.

9             All of this manifests that people with  
10    disabilities are disproportionately grouped in the poor part  
11    of the American population, which means we are behind in  
12    getting telephone and computer services. Leaving us behind  
13    has made it all the more poignant by the special promise  
14    that these technologies have for our sake been of the  
15    population.

16            The promise of present and future  
17    telecommunications very much affects the lives and  
18    independence of people with disabilities and older adults.  
19    Consider, for example, today's telecommunications  
20    technologies. Such services as caller ID screens allow a  
21    deaf person to know who is calling, even if the caller does  
22    not use TTY or the relay service.

23            The deaf individual can view the screen, return  
24    the call via the relay service if he wants, and complete a  
25    communication that previously would have been impossible.

1     Meanwhile, even more recent technology voices the contents  
2     of the caller ID screen, letting people who are blind  
3     benefit from the caller ID.

4             Tomorrow's telecommunication technologies foretell  
5     even greater promise for the campaign constituents. Many of  
6     the problems disabled people face include difficulties in  
7     obtaining education, transportation, job and health care and  
8     other services. Our needs will be minimized or eliminated  
9     by the advanced telecommunications technology.

10            Video conferencing will allow deaf people to sign  
11     to one another; tele-medicine will allow people to remain  
12     home and independent, even if they live some distance from  
13     their doctors. Distance learning will allow students to  
14     attend the university from their living rooms. People who  
15     are unable to pick up a book will be able to read books,  
16     located around the world with a push of a button.

17            We think the local telephone companies are our  
18     best hope based on what has been happening over the years.  
19     The most likely path for getting universities and jobs and  
20     visual communications into our living rooms or getting an  
21     array of specialized medical services into our neighborhoods  
22     is through enhanced use of telephone lines. There aren't  
23     any strung the last mile.

24            Some of these technologies are being delivered to  
25     the home at prices that approach affordability for

1 consumers, particularly if it can be done on a shared basis  
2 or for someone who can use the technology to work at home  
3 and earn enough to offset the additional cost.

4 Further, by allowing SBC and Ameritech to merge,  
5 the FCC will be allowing one company to serve the increased  
6 geographical service area of the combined organizations.  
7 Obvious though that observation may be, it has significance  
8 from the point of view of bringing new broad band  
9 technologies to consumers.

10 For all these reasons, we think that the  
11 Commission does a service to people with disabilities when  
12 it enhances the abilities of companies like SBC and  
13 Ameritech to roll out future technologies together  
14 throughout their systems.

15 Clearly, these companies believe that this merger  
16 will enhance their ability to do so. We support the merger.  
17 Thank you very much.

18 MR. ATKINSON: Mr. Starkloff.

19 DR. KRATTENMAKER: Thank you for coming and we're  
20 glad you made it here on time.

21 MR. STARKLOFF: Thank you.

22 MR. ATKINSON: Thank you.

23 DR. KRATTENMAKER: We will next hear from I  
24 believe it's the -- is it time to --

25 MR. ATKINSON: No.

1 DR. KRATTENMAKER: -- it's not time for break --  
2 the Hispanic Chamber of Commerce of Orange County,  
3 California.

4 MR. PUGH: Good afternoon.

5 DR. KRATTENMAKER: Good afternoon.

6 MR. PUGH: My name is Ralph Pugh. I am the  
7 President of the Hispanic Chamber of Commerce of Orange  
8 County, that's California. I only say that because three  
9 people said, "Orange County where?"

10 DR. KRATTENMAKER: Okay.

11 MR. PUGH: I thought we were the center of the  
12 universe, but obviously we have a little competition.

13 MR. ATKINSON: You're inside the Beltway now.

14 MR. PUGH: That's right. I understand that. I  
15 can't sit here and talk to you about this merger. I'm not a  
16 technician. But what I am going to talk to you about is  
17 essentially what PacBell has done for the community and  
18 Orange County. And I think that is something that is  
19 really, really important to the people of not only Orange  
20 County, but I think of the country.

21 It's -- it's a real key -- the Hispanic community  
22 in Orange County looks at PacBell as a role model. They are  
23 very actively involved in education. They are actively  
24 involved in the community, in the music, libraries. They  
25 are involved with women's living centers, environmental



1 causes.

2 This goes above and beyond I think what we're  
3 talking about today. These are issues that I think from a  
4 human standpoint cannot be overlooked. I think it's very,  
5 very critical.

6 We have as a matter of fact on our board an  
7 individual that has given above and beyond the call of duty.  
8 He is -- works for PacBell named Richard Portis. And he is  
9 the head of my education committee. He puts in I'm sure 12  
10 to 14 hours a day at his job.

11 And he is adding another eight to ten hours a week  
12 additional participating with us and educating the children  
13 of our community, not only from the Hispanic community, but  
14 the Vietnamese and Korean. You have spoken to two of the  
15 people that I work with very closely. That is very, very  
16 key to us.

17 PacBell has made a significant difference to I  
18 think the leadership in Orange County. Not only do they  
19 lend financial support, but with their ability to bring the  
20 technology, they have donated numerous computer equipment.  
21 They have connected a number of the schools in the Orange  
22 County area. They have -- they have linked together  
23 internet, high tech communications in the Santa Ana area.  
24 This is bringing the community into the twenty-first  
25 century.

1           Our community looks at them as a significant  
2 leader. I can't sit here and honestly say that I've seen  
3 that from the other communications companies in Orange  
4 County. I would expect to see something in the future. But  
5 I know that PacBell has stepped up to the plate.

6           We don't have to do a whole lot of knocking at  
7 their door. They're there because they believe in what  
8 they're doing is right. And we sincerely welcome everything  
9 that they've done for us. So in that respect, I would like  
10 to bring a human element to these hearings. And I thank you  
11 for opening that up and inviting us here. I appreciate  
12 that.

13           MR. ATKINSON: Thank you very much.

14           DR. KRATTENMAKER: Thank you for coming, Mr. Pugh.  
15 Next would be Judy McCallum, who has swapped with the  
16 National Silver Haired Congress. Ms. McCallum.

17           MS. MCCALLUM: Good afternoon. Yes, my name is  
18 Judy McCallum and I am here representing the Telephone  
19 Pioneers of America. And I also appreciate the opportunity  
20 to be here. And I would like to give you my perspective of  
21 Southwestern Bell as a corporate citizen.

22           This perspective comes from my personal experience  
23 of having worked for 34 years with this company and been  
24 given many opportunities to volunteer, and also either years  
25 so far that I've been retired with this company. They

1 continue to support us in our volunteer efforts.

2 This army of volunteers known as Southwestern Bell  
3 Pioneers number over 850,000 members. And we're the world's  
4 largest industrial-related community service organization.  
5 And if we counted the family members and friends which we  
6 call partners that also help on all of our projects, this  
7 number of volunteers would probably quadruple.

8 Contributing millions of hours and millions of  
9 dollars annually, pioneers serve their communities in  
10 enumerable ways. It's as simple as helping a cancer patient  
11 build a bluebird house or refurbishing recorders for the  
12 Library of Congress so that the blind are able to read  
13 books, or organizing sports opportunities for seniors and  
14 for visually and physically challenged children.

15 You may have heard of BEAT baseball or BEAT easter  
16 eggs. Again, this year Southwestern Bell and Pioneers will  
17 be a sponsor of the National BEAT Baseball Competition which  
18 will be held in Sacramento.

19 It's also focusing on one of society's most  
20 critical needs, and that's improving education. By teaching  
21 Junior Achievement classes; by painting large, colorful maps  
22 of the United States on school playgrounds; by wiring for  
23 the internet, as well as refurbishing computers for students  
24 to use; by providing books for kindergarten classes; by  
25 providing clothes and other related materials for teachers

1 and parents to assist students in teaching geography.

2           Pioneers also give demonstrations to teach  
3 children and older adults how to effectively make emergency  
4 calls to 911. And in disastrous situations, Pioneer will be  
5 asking, "How can we help?". And much aid is already being  
6 sent today to comfort those who are victims of this week's  
7 devastating tornadoes in Oklahoma and Kansas, as was sent to  
8 Jonesboro, Arkansas, and to Oklahoma after the Murrah  
9 Federal Building was bombed.

10           A project near and dear to me personally for the  
11 past three years is a program called Safe-T. This stands  
12 for Seniors Against Fraud, Texas. And although it is  
13 estimated that only about ten percent of telemarketers are  
14 fraudulent, billions of dollars are lost annually to these  
15 criminals. And 75 percent of these victims are senior  
16 citizens.

17           So in an effort to fight this criminal activity,  
18 Southwestern Bell recently joined forces with AARP, with the  
19 Office of the Attorney General, with other law enforcement  
20 agencies, with retired federal employees, with retired  
21 teachers, the Department on Aging, and other groups with an  
22 interest in the welfare of seniors to develop a program to  
23 educate seniors and others on how to protect themselves from  
24 this telemarketing fraud. This is the program called Safe-  
25 T.

1           And to date, we've delivered this program to many  
2   senior citizen centers, to churches, to PTAs, to civic  
3   groups, to neighborhood and family meetings, as well as  
4   we've had live TV broadcasts with a panel of experts in  
5   which we had experts from Southwestern Bell, from AARP, from  
6   the state attorney general, the post office and others  
7   discussing fraud.

8           We've done this in three states so far. We had  
9   volunteers from all of these joint partners manning of phone  
10   banks so the TV audience could call in and ask questions  
11   about fraud during the conference. And a few audience  
12   members called in while a scam was in progress. The police  
13   were able to get on the phone and talk with them and  
14   actually got involved just as a scam was happening.

15           So far we've reached over a million people --

16           DR. KRATTENMAKER: You have one minute.

17           MS. MCCALLUM: Okay. So far we've reached over a  
18   million people with this program. And I would just like to  
19   add that without this outstanding support of a caring  
20   corporation, many of these contributions to society would  
21   certainly be diminished. So I believe this program to merge  
22   with Ameritech will not only give customers what they want,  
23   but it will strengthen an already committed group of  
24   volunteers.

25           Why not. Their reputation, like Southwestern

1 Bell, is solid and their number one priority is service to  
2 their communities. Thank you.

3 DR. KRATTENMAKER: Ms. McCallum, thank you for  
4 coming.

5 MR. ATKINSON: Thank you very much.

6 DR. KRATTENMAKER: Next on our list is USTA. Mr.  
7 Neel.

8 MR. NEEL: Thank you. I will submit written  
9 comments that I had prepared. But listening to this hearing  
10 today has caused me to think about this whole proceeding in  
11 a little bit different way. I'll talk a little bit about  
12 the fairness of this process.

13 This merger that you are considering today is  
14 going to create 8,000 good jobs, two billion dollars in  
15 investment in these communities. You tell that to the 8,000  
16 families that will get those jobs and all those communities  
17 that will get that investment. That's not good -- good  
18 public policy? That's not in the public interest? That's  
19 not a merger-specific benefit?

20 This morning you front-loaded all the opposition  
21 to this merger that might actually be able to compete  
22 someday to this AT&T monster that's going forward. Each of  
23 these critics this morning called for these demanding,  
24 massive, costly, nonmerger-specific conditions. Well, that  
25 was preaching to a choir listening to the opening comments

1 as we came in this morning.

2 It was incredible. In 22 years, I've never heard  
3 anything like this from an agency that's supposed to be  
4 independent and objective. It's phenomenal.

5 MCI-WorldCom, two huge competitors. You want a  
6 merger, fine. Ask them to serve everyone as a condition,  
7 not only just affluent and big business customers. No way,  
8 we won't put any conditions on that. Get your merger  
9 underway.

10 AT&T and TCI, the biggest long distance player and  
11 the biggest, probably the worst consumer, unfriendly, rate-  
12 gouging cable company in the country. Do you want to merge?  
13 Sure, rubber-stamp it. Let it go through. Ask AT&T to flow  
14 through these billions of dollars in access reductions to  
15 ordinary customers or to open up their new, burgeoning  
16 internet access monopoly to competitors? No way. Let's  
17 rubber-stamp that one, too.

18 Those mergers have created huge and dominating  
19 companies that are red-lining ordinary, residential  
20 customers in entire world areas; and attempting, by the way,  
21 to kill universal service in the process. This is just  
22 extraordinary.

23 Here you have a merger that is clearly going to  
24 create jobs. It's going to expand economies in these areas.  
25 There are rules in place at the states that have opened up

1     these local markets, arbitration proceedings that are opened  
2     to every one of these critics we heard this morning, every  
3     one of them. They can go into the states and get a deal and  
4     get into those markets.

5             You had witnesses this morning saying you can't  
6     get into the local market. That is baloney. Your own  
7     interconnection rules of two years ago have forced open that  
8     market. You've done nothing to introduce competition in the  
9     cable market except rubber-stamping the kinds of mergers  
10    that will simply consolidate this.

11            Instead, you should be applauding a merger that  
12    actually can go out there and compete, and will serve  
13    everyone, not just those that happen to live within the  
14    business plan of AT&T and MCI, and now a business plan based  
15    on the cable model which is fundamentally built on the  
16    concept of red-lining. We'll go there when we get there,  
17    when we decide we want to invest money there.

18            The local telephone companies, these two in front  
19    of you now, have been doing that for years. They're out  
20    there serving everyone. They'll make those investments.  
21    This merger will help them make those investments. It will  
22    keep -- by the way, it will keep local telephone rates  
23    affordable. Nothing has been done about that in the cable  
24    arena, nothing whatsoever. Massive failure of the '96 Act  
25    and the implementation by this Commission.



1           There are enumerable reasons to approve this  
2 merger. And you'll have to excuse some of my passion. But  
3 I will tell you, this proceeding doesn't reflect what should  
4 be -- what should seem to be an objective approach to  
5 considering this merger. It's unprecedented. There has  
6 never been anything like this for any other merger.

7           And I hope, I hope that it doesn't indicate how  
8 the Commission will ultimately decide the actual facts  
9 behind this merger and get on with the proceeding that is  
10 fair to all the players. The merger review process is not  
11 an excuse to extract nonmerger-related concessions from the  
12 players. And it seems to me that if you're really  
13 interested in the public interest, you will approve this  
14 merger and let them get on with serving the public. Thank  
15 you.

16           MR. ATKINSON: Thank you.

17           DR. KRATTENMAKER: Thank you for taking the time  
18 to testify. And we do look forward to receiving your  
19 written comments. One more, Bob?

20           MR. ATKINSON: Yes, one more.

21           DR. KRATTENMAKER: Our plan is to take one more  
22 and then have a break. The Consumers Federation of America,  
23 Mr. Cooper.

24           MR. COOPER: Thank you. My name is Dr. Mark  
25 Cooper. I am Director of Research at the Consumer

1 Federation of America. Today I offer the views of the  
2 Consumer Federation and the Consumers Union as previously  
3 expressed in a massive record which you dutifully summarized  
4 this morning in your tentative conclusions.

5 I have stated similar views on this merger as an  
6 expert witness on behalf of AARP in state proceedings in  
7 Illinois and Ohio. In fact, unlike almost everyone else who  
8 has appeared before you today, I've testified about 25 times  
9 in state proceedings involving SBC and Ameritech on behalf  
10 of consumer groups, people's councils and attorneys general.

11 And as a consumer representative in those cases,  
12 as well as here at the FCC, we oppose this merger and we  
13 urge you to reject it. I have told commissions and staffs  
14 that they have done an excellent job identifying a number of  
15 areas of concern that the proposed merger raises. They've  
16 labored hard to identify sets of regulatory remedies that  
17 might cure the problem in this merger, as is this  
18 Commission.

19 I believe that effort would be futile. Sometimes,  
20 the Commission just has to say no. There comes a point  
21 where so many regulatory fixes are necessary that the  
22 outcome would not be in the public interest. The Commission  
23 would be forced down the road which would require it to  
24 build a regulatory nightmare in pursuit of some small gains  
25 with extremely large risks.

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1           Above all, what is at risk is the FCC's efforts,  
2   which I have commended consistently, to open local markets  
3   under Section 271 of the Telecom Act by removing technical,  
4   regulatory and administrative barriers to competition. All  
5   of those efforts will be for naught if you allow an economic  
6   barrier to be created that replaces those other ones.

7           When you finally get the road to local competition  
8   open, there will be no one left who can dare to drive down  
9   it. The fact that you approved previous mergers does not  
10   mean that this one should be approved. The competitive harm  
11   of this much larger merger is much greater and it will  
12   foreclose entry.

13           The failure of local competition in three years  
14   makes it clear, the underlying barriers are greater than  
15   anticipated. The unique regional nature of a 55 million  
16   line company dominating the middle of the country from  
17   Chicago to Houston is a special problem with this merger.

18           The greater the market power at the regional and  
19   local levels, the less likely people are to enter that  
20   market and the more the leverage there exists to capture  
21   other markets. This is a defining moment in industry  
22   structure, with another anti-competitive merger lined up  
23   right behind this one.

24           Now is the time for the FCC to draw the line; to  
25   advance local competition, not to abandon it. If these two

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1 companies had thrown their markets open to local competition  
2 immediately after the Act and then come back and said, "Now  
3 we need to merge", there would be some claim to this public  
4 benefit.

5 But these other companies that have dragged their  
6 feet, sued, administratively delayed and prevented  
7 implementation of the Act. These are the companies that  
8 have preserved the 98-plus percent market share and now want  
9 to finalize that local monopoly through merger.

10 Given the behavior, policies and business  
11 practices that have been used to preserve that monopoly,  
12 there is no reason to believe that this larger company with  
13 a larger stake in preserving its monopoly will change its  
14 behavior. Given the inability of the FCC and state  
15 commissions to force companies to open their local markets  
16 in the three years since the Act, there is no reason to  
17 believe that they will be better able to do so after with a  
18 bigger, more intransigent company.

19 I urge you to reject this proposal and thank you  
20 for giving me the opportunity to speak. SBC and Ameritech  
21 in their statement spent a lot of time telling you why there  
22 is no problem and a few seconds saying that they would talk  
23 about conditions. I have told you that there is a severe  
24 problem and hope you just say no.

25 But I make the same offer. If you insist, I will

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1 be glad to talk to you about conditions. Thank you.

2 MR. ATKINSON: Dr. Cooper, thank you. Let's take  
3 15 minutes. So get back -- we'll start again with the next  
4 person on the list who is -- let's make sure we know who the  
5 next person is.

6 DR. KRATTENMAKER: The National Silver Haired  
7 Congress.

8 MR. ATKINSON: And if we could start at 2:40 p.m.  
9 Eastern time.

10 DR. KRATTENMAKER: Thank you.

11 (Whereupon, a brief recess was taken.)

12 MR. ATKINSON: If we could come to order, please.  
13 The 20 minutes are up and we would like to continue to move  
14 along. And for those speakers who are still here this  
15 afternoon, don't take the diminished audience as any sign  
16 that Tom and I are any less interested or have any less --  
17 this has been very useful for us both. And I appreciate  
18 everyone staying for as long as you have already. And we'll  
19 see how much further we can go.

20 So I think the National Silver Haired Congress is  
21 up.

22 DR. KRATTENMAKER: Right.

23 MR. ATKINSON: And that would be --

24 DR. KRATTENMAKER: Ms. Bacon.

25 MR. ATKINSON: -- Bea Bacon.

1 DR. KRATTENMAKER: Right?

2 MS. BACON: Right.

3 MR. ATKINSON: Thank you, ma'am.

4 DR. KRATTENMAKER: Before you start running her  
5 time, may I just say for the transcript that I'm so pleased  
6 to see you here. If I had hair, it would probably be  
7 described as silver.

8 MS. BACON: Thank you very much. You didn't err  
9 because I was very happy with the speech the lady gave.

10 DR. KRATTENMAKER: Okay.

11 MS. BACON: My name is Bea Bacon. I am Chairman  
12 of the National Silver Haired Congress, a national  
13 organization of older adults who are active in public  
14 affairs. Members of the National Silver Haired Congress are  
15 either appointed by their respective United States Senators  
16 and representatives or elected by the peers in their  
17 Congressional districts and states.

18 The National Silver Haired Congress was organized  
19 to educate the elderly on issues of concern to the elderly  
20 and between the elderly and the next generations. I  
21 personally have been a volunteer advocate for the interests  
22 of the elderly for 25 years. The purpose of my statement  
23 today is to support the proposed merger of SBC  
24 Communications and Ameritech which I also notice has been  
25 approved by the Department of Justice.

1           Today's telephone services give us safety features  
2 many of us could not do without. For example, simple auto-  
3 dialing buttons on our phones and buttons on necklaces can  
4 be pushed to telephone for help in emergencies. If we did  
5 not have confidence that these automated dialers would  
6 complete calls virtually every time, we could not trust  
7 them. And many older adults can stay in their homes today  
8 instead of moving into nursing homes because, among other  
9 reasons, they can easily call for help when they need it.

10           Beyond that, we have technology products that some  
11 people can buy today, but not everybody. For example, a  
12 doctor in New York City may examine a patient in Los Angeles  
13 or a politician in Washington, D.C. without either of them  
14 traveling. They can look at each other. The doctor can  
15 make the kind of assessment that he wants by really seeing  
16 the patient face-to-face, but not meeting in person.

17           That can happen today, but not for everybody.  
18 Suppose an elderly person does not live in a metropolitan  
19 area. Suppose that she needs specialized health care only  
20 available in metropolitan areas.

21           She has three choices: She can give up the family  
22 home she has had for years and move to be near a major  
23 medical facility such as a nursing home; she can try to find  
24 the money and help to travel for the care; or she can stay  
25 in her own home, which is what she really wants, give up the

1 travel and simply not get the quality of medical care she  
2 needs.

3 With the telecommunications of tomorrow, people  
4 can have it all in that example. They can have that  
5 specialized medical care come straight into their own homes  
6 and neighborhoods where they can still live independently.  
7 This is just one example of the promise we look forward to  
8 with the roll-out of new telephone technologies across  
9 America.

10 The fact is that these opportunities are coming.  
11 But the question, the fundamental question is are we all  
12 going to get it or is it just going to the urban centers and  
13 into the neighborhoods of the wealthy.

14 The pattern of regulation since the 1996 Act has  
15 been to support new competitors including AT&T, MCI, Sprint  
16 and a host of smaller companies to the detriment of the  
17 Bells, thereby diminishing the Bells' opportunity to invest,  
18 innovate and compete.

19 Yet the favored competitors have little or no  
20 interest in serving consumers except the most profitable.  
21 They are cherry picking and the regulatory system makes sure  
22 that cherry picking is only allowed against one industry,  
23 the local telephone companies. This is not a sense of fair  
24 play.

25 Meanwhile, the elderly are mostly not the most



1     profitable customers. They are located everywhere. Many  
2     are of limited means. Their chance to participate in the  
3     telecommunications technologies that will enhance their  
4     lives depends upon this technology coming to everybody on  
5     the existing or new telephone networks that go everywhere,  
6     and not networks that are just strategically targeted at  
7     relatively few customers.

8             Obviously, regulations since the 1996 Act are  
9     substantially established. Still, nothing in that pattern  
10    says that two Bell companies, each having their own service  
11    territories, cannot be one. Nothing about their combining  
12    blocks the favorable treatment that the competitors receive.

13            And by proposing merging, those two telephone  
14    companies, SBC and Ameritech, are saying they will be better  
15    able to carry out their duty to maintain and enhance their  
16    services which reach everybody in their service areas.  
17    The -- this has been proven. They have a track record in  
18    California with PacBell. We think their proposed merger  
19    should definitely be approved. I thank you for allowing me  
20    to be here.

21            DR. KRATTENMAKER: Thank you for coming.

22            MR. ATKINSON: Thank you very much.

23            DR. KRATTENMAKER: We appreciate your help. I  
24    believe next is the Southwestern Bell Telephone Pioneers of  
25    America. Good afternoon and welcome.

1           MR. McALLISTER: Thank you, sir. My name is Louis  
2   McAllister and I am a Southwestern Bell Pioneer from Little  
3   Rock, Arkansas. The Pioneers are retirees and employees of  
4   SBC that are dedicated to public and community service. I  
5   am here today to ask you to support the merger between  
6   Southwestern Bell, or SBC, and Ameritech.

7           On its own, Southwestern Bell has made many  
8   incredible contributions to the communities our employees  
9   live and work in. When SBC merged with Pacific Bell a  
10  couple of years ago, it brought a renewed sense of community  
11  activism to both regions. We think that the SBC-Ameritech  
12  merger would do the same thing and bring lots of benefits to  
13  folks in Southwestern Bell, Pacific and Nevada Bell, and the  
14  Ameritech states.

15           In Arkansas, the Pioneers are involved in a lot of  
16  community service projects. I participate in four that I  
17  would like to share with you. We print personalized books  
18  for kindergarten students. And the book is called an I Like  
19  Me book. This book helps build self-esteem among the  
20  students. And the reason it does is because it is  
21  personalized with their name in it.

22           It has their friend's name in it, their teacher's  
23  name, their principal's name, the name of their school. And  
24  they love to read those books and see their name and their  
25  friend's name in it. The teachers tell us that it really

1 encourages kindergarten students to learn how to read.

2           The Southwestern Bell Pioneers in Arkansas also  
3 build accessibility ramps for folks who use wheelchairs or  
4 who need special attention to get in and out of homes,  
5 schools, churches and so forth. In our state, we have built  
6 something over 650 ramps for handicapped people.

7           We've also built the longest bridge, accessibility  
8 bridge in the state of Arkansas in one of our national  
9 forests so that people in wheelchairs can travel the nature  
10 trail.

11           As visually impressive as our lakes and mountains  
12 are in Arkansas, the Pioneers add another visual  
13 contribution to our communities. We paint giant maps of the  
14 United States on school yards to accompany a geography  
15 curriculum we make available to teachers across our state.

16           Another project that we have been working on and  
17 continue to work on is wiring over 600 schools for the  
18 internet service. On weekends when students have gone home,  
19 Southwestern Bell employees and retirees will wire an entire  
20 school building so students in every classroom can have  
21 access to the internet. Our current record is 14 schools in  
22 one day when we wired up the North Little Rock School  
23 District over one weekend.

24           Arkansas is a small state. We are a small  
25 percentage of SBC's territories. But the contribution that

1 Southwestern Bell makes to Arkansas are anything but small.  
2 The gratitude of the many folks I myself have helped over  
3 the years, either by building a wheelchair ramp or giving  
4 them a personalized I Like Me book, it is as big as anything  
5 I've ever seen in my years helping SBC be the -- be the  
6 community leader in services that all communities need.

7 With the merger with Ameritech, there is no reason  
8 why these two companies will not be better community  
9 service-minded than they ever have been. Thank you.

10 DR. KRATTENMAKER: Mr. McAllister, thank you very  
11 much. We are now officially half way through. Next is Bob  
12 Harris with a switch with the National Council of La Raza.  
13 Dr. Harris.

14 DR. HARRIS: Thank you. My name is Bob Harris. I  
15 am a professor emeritus at the University of California-  
16 Berkeley. For over 20 years, I've taught antitrust  
17 regulation and telecommunications policy.

18 I would like to address three topics today in my  
19 allotted time. First, I would like to show that there will  
20 be no competition harm from this merger. Second, that this  
21 merger will in fact be pro-competitive. And third, that  
22 this merger should be approved without conditions other than  
23 those, of which I can think of none, which would be  
24 specifically designed to address particular competitive  
25 issues as opposed to more generic, regulatory conditions.

1           I have prepared some charts, some data in support  
2   of my remarks and provided them to the Commission. I would  
3   like to refer to those briefly in my remarks so that the  
4   transcript will show that. In Figure 2, I have shown the  
5   dramatic growth in CLEC entry nationwide over the past five  
6   years, increasing dramatically since the passage of the  
7   Telecom Act.

8           CLECs are growing rapidly, both in number and in  
9   size, especially as measured by market capitalization. I  
10   believe this is noteworthy. It is -- it is -- it is  
11   information that not only do individual entrepreneurs and  
12   managers believe that the market is open to competition and,  
13   therefore, it is a market in which they can enter and earn a  
14   profit. That decision has been validated by millions of  
15   investors who have given them market capitalizations  
16   relative to revenues or profits that are vastly in excess of  
17   those of the incumbent LECs.

18           Moreover, in California, we have seen equally  
19   dramatic entry including since the PacBell-SBC merger. This  
20   is directly relevant evidence, as in slides four and five  
21   and six, that is in stark contrast to the so-called big  
22   footprint theory which is just that, a theory which as of  
23   yet I have seen no facts whatsoever to support.

24           In fact, since the PacBell-SBC merger two years  
25   ago, there has been an extraordinarily rapid growth of

1 facilities-based competitors with now 16 CLECs providing  
2 services over 84 different local networks including four  
3 that provide residential services over eight networks.

4 Likewise, we have done an analysis. I have  
5 reported here the facts from only two of the aspects of that  
6 analysis which show a comparison between CLEC entry and the  
7 establishment of co-location and incumbent wire centers  
8 within regions that have involved RBOC mergers as opposed to  
9 those which have not.

10 And as you can see in figures five and six, there  
11 is no difference whatsoever in the rate of entry, completely  
12 belying the fact -- or the theory that somehow these mergers  
13 will harm or reduce the rate of competitive entry.

14 As to the second general point I would like to  
15 make, this merger is pro-competitive. I, frankly, was a  
16 little surprised at the opening this morning which indicated  
17 there really aren't many benefits and therefore we have to  
18 look very closely to the harm.

19 I think there are enormous benefits from having an  
20 SBC-Ameritech which will be better able to compete with AT&T  
21 and MCI. And indeed, in the marketing materials, in the  
22 public relations statements, in the statements to  
23 shareholders, each of these same companies now opposing this  
24 merger as not necessary for SBC to be able to compete in a  
25 global market, their own statements, not those to this

1 Commission to be sure which are out of the other side of  
2 their mouth, in fact evidence as the enormous, the tens of  
3 billions of dollars they themselves have made in major  
4 acquisitions.

5 DR. KRATTENMAKER: Dr. Harris, you have one  
6 minute.

7 DR. HARRIS: So in the tables eight, nine and ten,  
8 I have shown the incredible series of mergers these  
9 companies have made. And it is that competitive environment  
10 with big, strong, multi-product, multi-service,  
11 geographically diverse players that SBC is trying to  
12 compete.

13 Finally, I would like to talk about why conditions  
14 are a bad idea. Imposing conditions in a merger proceeding  
15 is basically a way of singling out the firms that happen to  
16 want to merge for different treatment than the rest of the  
17 industry.

18 Issues on unbundling as in the remanded  
19 proceeding, on access pricing, on OSS, these are all  
20 important issues that this Commission should address. But  
21 it should address them in a rule-making design to fit all of  
22 the industry, not merely two of the companies now before it.  
23 Thank you.

24 DR. KRATTENMAKER: Dr. Harris, thank you very  
25 much. You are submitting your --

1 DR. HARRIS: I am.

2 DR. KRATTENMAKER: -- empirical research for the  
3 record.

4 DR. HARRIS: Yes, I have.

5 DR. KRATTENMAKER: And we thank you very much for  
6 that.

7 DR. HARRIS: Thank you.

8 DR. KRATTENMAKER: We are very happy to have that.  
9 Thank you. Next is the Benton Foundation.

10 MR. ATKINSON: I think they've canceled.

11 DR. KRATTENMAKER: The Benton Foundation has  
12 canceled. Okay. Next would be, switching with Helfrich  
13 Company would be Neil Hartigan. Mr. Hartigan. Welcome.

14 MR. HARTIGAN: Thank you very much, gentlemen. My  
15 name is Neil Hartigan. I am delighted to be here. I have a  
16 prepared text that's being retyped. I thought I was last on  
17 the schedule tomorrow. But -- so I would like to have the  
18 opportunity to submit that if I might.

19 DR. KRATTENMAKER: Oh, please, sir.

20 MR. HARTIGAN: My name is Neil Hartigan. I --  
21 just as background, I've done a bit of work you're involved  
22 in. I was License Commissioner for the City of Chicago. I  
23 was Deputy Mayor of the original Mayor Daly in Chicago,  
24 Lieutenant Governor, Attorney General, Senior Vice President  
25 of First Chicago with responsibility for international



1 banking. I now Chair the World Trade Center-Chicago, as  
2 well as being a partner at McDermott, Will and Emory.

3 I mention that simply because it covers a variety  
4 of different areas, regulatory responsibilities, advocacy as  
5 far as the utility and consumer questions. During the time  
6 I was Attorney General of Illinois, I chaired the consumer  
7 committee for the National Association of Attorney Generals  
8 and the FTC working group, and set up the first advocacy for  
9 the disabled, and also the first Department on Aging in  
10 American at the state level.

11 So the things that you've been hearing from the  
12 groups that have been appearing before you are things that -  
13 - that I really feel very deeply about. I have done work.  
14 I represented among a broad variety of different types of  
15 clients because I do state regulatory activity. In the  
16 telecom area, I've represented Ameritech and -- and SBC.  
17 And I would want you to know that on the front end.

18 But I, frankly, first of all, feel that it is a  
19 privilege to testify here. I've never been at the FCC  
20 before and I've always admired it. But I have been on the  
21 other end of it. I've been outside and seen the kind of  
22 activity that's going on.

23 I was at Telecom '97. Here is a five trillion  
24 dollar industry just exploding. You pick up the paper today  
25 and the -- everything in the business section is telecom,

1 telecom, telecom. And all of these mergers, as we've heard  
2 today, are being approved without the conditionality that is  
3 involved here with SBC and Ameritech.

4 The gentleman who is the advocate for the disabled  
5 talked about distance learning, distance medicine, distance  
6 correction, a whole variety of things that this new  
7 technology is going to bring. I frankly would like to see  
8 the merger approved, and approved now without the  
9 conditionality.

10 The thing that I think I find the most upsetting,  
11 if you will, after about 30 years in government is the lack  
12 of trust of these two companies. In our state, in Illinois,  
13 when you take a look, gentlemen, at the level of support,  
14 you don't get the AFL-CIO and the Illinois -- and the  
15 Illinois Chamber of Commerce; the Chicago Land Chamber of  
16 Commerce; Jim Stukel, the Chancellor of the University of  
17 Illinois; the -- the Illinois State Chamber of Commerce as  
18 well as Chicago, you don't get all those organizations  
19 agreeing. Nobody wants to take on AT&T and MCI and Sprint.  
20 Those are big companies, too.

21 But it's critically important. Cranes last week  
22 talked about the loss of corporate headquarters in Chicago.  
23 And one of the reasons was the slowness of the regulatory  
24 process on this impossible 271 undefined standard, not here.  
25 But that Ameritech was running into.

1 All right. One of the -- the lady from CWA talked  
2 about 110,000 union workers, many of whom don't know because  
3 of this year that it's taken for this process to go on where  
4 they are, where their careers are. Good talent is being  
5 lost to other places.

6 And I've found -- and frankly, I've been on the  
7 other side on an advocacy basis. The Chairman of Ameritech  
8 was the chairman of my opponent's campaign for governor.  
9 So, you know, it's not all love and kisses all the time.

10 I have found though when they give their word,  
11 it's good. And I think that's what we're hearing about from  
12 California. You don't have Cruise Bistamani and Grey  
13 Davis -- I'm sorry, Cruise Bistamani and Pete Wilson  
14 agreeing as you do.

15 I don't know if you've seen this document. But  
16 when you see John Dingell and fellow like that, the kind of  
17 people that are supporting this activity, John Sweeney, the  
18 AFL-CIO; chambers, labor, elected officials, universities  
19 across the board, it makes sense. It makes sense to  
20 understand that this really, especially with the rapidity of  
21 change in telecommunications as a change of a lifetime.

22 These objections, consumer benefits, my Lord. In  
23 30 towns to open it up, they'll have competition coming at  
24 them from every place. There is 5,000 -- 500, I'm sorry,  
25 interconnect agreements that SBC has got. Ameritech has 300

1 more. That's three million access lines that they've lost  
2 already as a result of it.

3 Benchmark? Benchmark my foot. You've got  
4 everybody and their brother getting into this business,  
5 running to the Commission, running to every regulatory --  
6 you're going to -- the old day was, you know, play one guy  
7 off against the other.

8 271? 271 can't be a standard in a merger  
9 proceedings. You know and I know the case law says that it  
10 is illegal in terms of a federal activity. So if you take  
11 those things or look at the -- the cellular. Totally  
12 dependent, totally dependent on interconnectivity. And SBC  
13 keeping its word. Ameritech keeping its word.

14 All right. I'll finish this sentence. Not one  
15 cellular company has come in here and said that they had  
16 trouble, not one. SBC-Ameritech kept its word. You can't  
17 compete in the year 2000 if you can't get it done now. And  
18 that's why all these people are pushing. And I really  
19 appreciate the FCC having a public hearing.

20 DR. KRATTENMAKER: Well, we appreciate your  
21 coming, Mr. Hartigan. And I do, I appreciate the fact that  
22 you've talked to us straight and from the heart. And we do  
23 look forward to getting your written comments, too. Thank  
24 you.

25 MR. ATKINSON: And I appreciate the fact that you

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1 appreciate public hearings.

2 (Laughter.)

3 MR. HARTIGAN: I appreciate getting the job done.  
4 This will get the job done. Thanks.

5 DR. KRATTENMAKER: Thank you. Next on the list is  
6 the Competition Policy Institute. Mr. Binz.

7 MR. BINZ: Thank you. My name is Ron Binz and I'm  
8 President of the Competition Policy Institute, known as CPI.  
9 CPI is an independent, nonprofit organization that advocates  
10 state and federal policies that promote competition and  
11 energy in telecommunications markets in ways that benefit  
12 consumers.

13 CPI is advised by a committee of consumer  
14 advocates across the country, and is funded by grants from a  
15 variety of energy and telecommunications associations and  
16 companies. Complete information about our organization is  
17 available on our website at CPI.org. We appreciate having  
18 the opportunity to present comments on this important issue.

19 In the testimony, I would like to make three major  
20 points. First, in determining whether this merger serves  
21 the public interest, the Commission must consider the  
22 purposes of Congress when it enacted the Telecommunications  
23 Act of 1996. The overriding goal of that Act is to promote  
24 competition in all telecommunications markets, especially in  
25 local exchange markets that were closed to competition

1 before the Act was passed.

2 The second point is this merger fails the cost  
3 benefit test. The threat to competition posed by this  
4 merger is real and out-weighs any potential benefits that  
5 might find their way to consumers of these companies.

6 And third, there are solid policy reasons why the  
7 Commission should deny this merger until the applicants make  
8 substantially more progress in opening their markets to  
9 competition.

10 I want to begin by stating our bottom-line advice  
11 to the Commission. We counsel the FCC against attaching  
12 conditions to this merger to be fulfilled after its  
13 approval. This course of action is unlikely to be effective  
14 for two reasons.

15 First, the essential problem is that the merger  
16 allows concentration to out-pace the market-opening  
17 activities of these companies. You cannot fix this miss-  
18 match by allowing the merger to happen, damaging competition  
19 first and then trying to repair the harm later. The ideal  
20 Commission policy must be to synchronize the positive  
21 effects of open and competitive markets to offset the  
22 negative effects of this merger.

23 The second reason not to attach post-approval  
24 conditions is that regulation is not very good at enforcing  
25 after-the-fact conditions. I say this as someone who has

1 worked in state regulation for nearly 20 years.

2 There are many examples of broken promises made to  
3 state and federal regulators as trade-offs for legislative  
4 favors and regulatory relief. Once the FCC has given its  
5 approval to this merger, once the intense interest in this  
6 merger has waned, the Commission will find it very difficult  
7 and costly to track compliance with conditions, and even  
8 harder to enforce compliance after the fact.

9 The only effective remedy for noncompliance would  
10 be to unwind the merger, and that's not a credible option.  
11 Professor Krattenmaker, you'll recognize what I'm talking  
12 about is a distinction between structural remedies and  
13 behavioral remedies. And we're coming down strongly on the  
14 side of structural remedies.

15 The Commission needs to have competition on its  
16 side, subjecting post-merger behavior to the pressures of  
17 the marketplace, not to a room full of regulators. For  
18 these reasons, CPI suggests that the FCC say no to the  
19 proposed merger unless and until SBC and Ameritech have  
20 complied fully with the requirements of the  
21 Telecommunications Act of 1996 to open their networks to  
22 competition.

23 To make this concept operational, we recommend  
24 that the Commission require each company to demonstrate that  
25 it has fully implemented the Section 251 requirements to the

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1 same level of compliance that the Commission requires for  
2 long distance entry on the competitive check list, and to do  
3 -- make such showing in enough states to comprise the  
4 majority of the access lines they serve.

5 We are not recommending that the companies be  
6 required to gain Section 271 approval, but that they must  
7 fully implement Section 251 to that level of compliance.  
8 Only with this pre-condition should this merger be allowed  
9 to go forward.

10 DR. KRATTENMAKER: You have about 20 seconds left.

11 MR. BINZ: That gives me time to thank you for the  
12 opportunity to testify. And I will submit the full text of  
13 my written testimony for the record. Thank you very much.

14 DR. KRATTENMAKER: Please. We look forward to  
15 receiving it. And thank you for your participation in this.  
16 Next on the list if I have it correctly is CoreComm.  
17 Welcome.

18 MR. BRANFMAN: Good afternoon. Eric Branfman of  
19 the law firm of Swidler, Berlin, Sheriff, Friedman. I am  
20 here on behalf of CoreComm Limited to present CoreComm's  
21 views on the proposed merger from the rather unique  
22 perspective of a carrier that a) is currently providing  
23 competitive local exchange services to thousands of  
24 residential customers in the Ameritech service territory; b)  
25 participated in a stipulated settlement of the merger

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1 proceeding in Ohio under the narrow issues set forth in that  
2 proceeding; and c) is affiliated through common management  
3 with NTL Inc., a leading provider of integrated  
4 communication services in the United Kingdom with more than  
5 1,300,000 residential customers.

6 CoreComm strongly supports the efforts of the  
7 Commission to explore whether the likely anti-competitive  
8 effects of the proposed merger could be mitigated by market  
9 opening conditions designed to promote local competition.

10 CoreComm believes that competition is growing and  
11 working, but that the road ahead will require a lot more  
12 hard work and a strong resolve from the FCC and other  
13 regulators to write rules and regulations that pry open  
14 monopoly markets and keep them open for competition,  
15 particularly competition in the residential market.

16 CoreComm is not just saying that competition is  
17 growing. It is making it so. Since March 1998, CoreComm  
18 has been offering a competitive choice to residential and  
19 business customers in Ohio.

20 And the company is in the process of taking the  
21 knowledge and experience that its management team has gained  
22 in the United Kingdom to create a national, facilities-  
23 based, broad band network for the delivery of advanced  
24 voice, high speed data and other services in the U.S., with  
25 a particular focus on the residential marketplace.

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1           But like other carriers interested in serving the  
2     residential marketplace, CoreComm is going to need the  
3     Commission's help. CoreComm is very concerned that in the  
4     absence of strong market opening conditions, approval of the  
5     proposed merger would have significant anti-competitive  
6     consequences for competition in the residential marketplace.  
7     These potential harms have been fully raised in the record.

8           CoreComm is not unequivocally opposed to the  
9     proposed merger, but believes strongly that the merger as  
10    currently proposed should not be allowed to proceed without  
11    appropriate conditions designed to mitigate the anti-  
12    competitive consequences and help achieve the pro-  
13    competitive goals of the Act, combined with strict and  
14    effective enforcement mechanisms.

15          CoreComm has submitted detailed proposed  
16    conditions and enforcement mechanisms that could counter-  
17    balance the merger's anti-competitive impacts. That  
18    submission identifies key problems faced by new entrants in  
19    seeking to provide competitive local services and proposed  
20    conditions that could address them.

21          These conditions and enforcement mechanisms would  
22    enhance the ability of new entrants to provide competitive  
23    local telecommunications services in the residential market.  
24    As identified in more detail in our written submission,  
25    CoreComm urges the Commission to adopt the following